

CITY COUNCIL OF THE CITY OF ANNAPOLIS

RESOLUTION NO. R-22-04

Introduced by Mayor Moyer

A RESOLUTION concerning

Park Place Development District

FOR the purpose of (1) approving the methodology for establishing the special tax to be charged within Park Place Development District in connection with the issuance of not to exceed \$25,000,000 of special obligation bonds of the City authorized by Ordinance 0-14-01, (2) approving the net operating revenues derived by the City from the operation of the parking garage to be constructed within Park Place Development District to be pledged to the payment of such special obligation bonds, (3) approving the form of the Indenture of Trust pursuant to which the City shall issue such special obligation bonds, (4) approving the form of the Development Agreement pursuant to which such parking garage shall be constructed within Park Place Development District, (5) approving the form of the Declaration of Condominium and Condominium Bylaws pursuant to which the public portion of such parking garage shall be owned, operated and maintained by the City, (6) approving the form of the County Contribution Agreement pursuant to which Anne Arundel County, Maryland shall apply its portion of the tax increment revenues derived from Park Place Development District to the payment of such special obligation bonds, (7) authorizing the Mayor to execute and deliver such documents, and (8) generally providing for and determining various other matters in connection with the issuance and sale of such special obligation bonds, the execution and delivery of such documents, and the development of Park Place Development District.

RECITALS

On May 14, 2001, the City Council (the "City Council") of the City of Annapolis (the "City") adopted Resolution No. R-8-01 (the "Resolution") and Ordinance No. 0-14-01 (the "Ordinance").

The Resolution approved a Special Tax (as defined in the Resolution) upon the real and personal property within the Development District (as defined in the Resolution). The Resolution further provided that the Special Tax would be levied in the manner provided by the City Council in a resolution supplemental to the Resolution.

The Ordinance approved the issuance of Bonds (as defined in the Ordinance) in an aggregate principal amount not to exceed Twenty-Five Million Dollars (\$25,000,000) for the purpose of financing the costs of designing, constructing, acquiring and equipping a parking garage and related infrastructure improvements described in the Ordinance. The Ordinance also approved the form of a Development Agreement, Declaration of Condominium and Condominium Bylaws (each as defined in the Ordinance), and provided, among other things, that the issuance of the Bonds is subject to the approval by resolution of the City Council of the final form of (1) Development Agreement, Declaration of Condominium, Condominium Bylaws, (2) Indenture (as defined in the Ordinance) for the Bonds, and (3) agreement between the City and Anne Arundel County, Maryland (the "County") regarding the deposit of County taxes into the Tax Increment Fund (as defined in the Ordinance).

The City has now developed the final form of the following documents and the City Council desires to approve such documents:

A. Development Agreement between JBJ/Carlyle Park Place L.P. and the City (the "Development Agreement");

B. Declaration of Condominium for Park Place, A Condominium (the "Declaration of Condominium");

C. Bylaws, Park Place, A Condominium (the "Condominium Bylaws");

D. Contribution Agreement between the County and the City (the "County Contribution Agreement");

E. Indenture of Trust between the City and Manufacturers and Traders Trust Company, as trustee (the "Indenture"); and

F. Rate and Method of Apportionment of Special Taxes (the "Rate and Method").

NOW, THEREFORE,

SECTION 1. Be it resolved by the City Council of Annapolis, Maryland, That the form, term and provisions of the Development Agreement, the Declaration of Condominium, the Condominium Bylaws, the County Contribution Agreement, the Indenture and the Rate and Method (collectively, the "Project Documents") presented to the City Council in connection with the adoption of this Resolution and hereby directed to be filed among the permanent records of the City are hereby approved and authorized in all respects, and the Mayor is hereby authorized to execute and deliver the Project Documents that require execution by the City and to make such changes,

omissions, insertions and revisions to such Project Documents which will not materially adversely affect the interests of the City, as the Mayor shall deem necessary or desirable, the execution and delivery by the Mayor, or the approval by the Mayor by executive order, of the Project Documents to constitute conclusive evidence that such execution and delivery, or such approval, was within the authority of this Resolution and the Ordinance and that such Project Documents constitute the final form of the Project Documents described in the Ordinance. It is acknowledged that there has been delivered to the City Council a special tax allocation report relating to the Rate and Method, which report has been considered by the City Council in connection with the adoption of this Resolution and is hereby directed to be filed among the permanent records of the City. The changes, omissions, insertions and revisions to the Project Documents which the Mayor is authorized by this Resolution to make shall include, without limitation, changes, omissions, insertions and revisions to the Association Percentage Interests in Schedule D-1 to the Declaration of Condominium, the Special Maintenance Cost Items and Alternative Percentage Allocations in Schedule D-2 to the Declaration of Condominium, and the Budgeted Garage Construction Costs in Exhibit Three to the Development Agreement.

SECTION 2. Be it further resolved that upon issuance of the bond(s), the Mayor shall report to the council omissions, changes, insertions and revisions made to this agreement. Also, the Mayor shall report semiannually on the progress of this project, including financial details.

SECTION 3. And be it further resolved, That the provisions of Section 11 of the Resolution are hereby amended and restated as follows:

"SECTION 11. And be it further resolved, That, subject to the limitation set forth in Section 10, the Special Tax levied and imposed by this Resolution in the Development District shall take effect and be in force for the fiscal year beginning July 1, 2005 and each Tax Year thereafter through and including June 30, 2034, provided that such Special Tax shall terminate when the Bonds are no longer outstanding which, for purposes of this Resolution as it relates only to the Special Tax, shall mean the Bonds have been fully repaid or defeased pursuant to the terms of the indenture under which they are issued with bonds that are not secured by the Special Tax."

SECTION 4. And be it further resolved, That (1) the City expenses payable from the Special Tax (as defined in the Resolution) which are described in Sections 10 and 12 of the Resolution shall include all costs and expenses described in the definition of Administrative Expenses in the Indenture, (2) the net operating revenues derived by the City from the operation of the parking garage, as referred to in Section 1. D. and Section 1. G. of the Ordinance, shall

132 be the Garage Net Operating Income as defined in the Indenture, (3) the
133 Indenture may provide for the payment of interest on the Bonds (as defined in
134 the Ordinance) from the proceeds of such Bonds through July 1, 2007, (4) the
135 Special Tax shall be levied as provided in the Rate and Method, which Rate and
136 Method is hereby found to be a reasonable and fair allocation of the cost of the
137 improvements to be financed with the proceeds of the Bonds (as defined in the
138 Ordinance), and (5) the Mayor and the Finance Director of the City and such
139 other officials or employees of the City as the Mayor may designate in writing
140 constitute Authorized Officers of the City under the Indenture and the other
141 Project Documents.

142
143 **SECTION 5. And be it further resolved,** That, (1) it is acknowledged
144 that the project proposed to be constructed at the time of the adoption of the
145 Resolution and the Ordinance has been altered in certain respects in order to
146 address changes in the market for residential condominiums and office buildings
147 and other factors and that significantly increased costs of construction have
148 caused the proposed public portion of the parking garage to be reduced, and (2)
149 based on such considerations, the project described as Park Place Project in
150 the Development Agreement is hereby approved provided that the number of
151 parking spaces in the public portion of the garage to be constructed with the
152 proceeds of the Bonds is not less than six-hundred eighty (680). Any approvals,
153 authorizations, or activities provided in this Resolution shall not constitute, be
154 deemed to constitute, or imply that the City Council, the Mayor, or any
155 department, office or agency of the City approves, favors, authorizes, or
156 consents to any action or activity within or required for the development of the
157 Development District (as defined in the Resolution) or the infrastructure
158 improvements described in the Ordinance, including any land use approval,
159 requirements for the provision of public utilities or services, or any
160 administrative, judicial, quasi-judicial, or legislative action.

161
162 **SECTION 6. And be it further resolved,** That, except to the extent
163 supplemented or amended hereby, the provisions of the Resolution and the
164 Ordinance are hereby ratified and confirmed, including (without limitation) all
165 findings and determinations of the City.

166
167 **SECTION 7. And be it further resolved,** That the provisions of this Resolution
168 are severable, and if any provision, sentence, clause, section or part hereof is held or
169 determined to be illegal, invalid or unconstitutional or inapplicable to any person or
170 circumstances, such illegality, invalidity or unconstitutionality or inapplicability shall not
171 affect or impair any of the remaining provisions, sentences, clauses, sections or parts of
172 this Resolution or their application to other persons or circumstances. It is hereby
173 declared to be the legislative intent that this resolution would have passed if such illegal,
174 invalid, unconstitutional or inapplicable provision, sentence, clause, section or part had

not been included herein, and as if the person or circumstances to which this Resolution or any part hereof are inapplicable had been specifically exempted herefrom.

SECTION 8. *And be it further resolved*, That this Resolution shall take effect upon the signing of this Resolution by the Mayor following adoption by the City Council.

ADOPTED this 13th day of December, 2004.

ATTEST:

THE ANNAPOLIS CITY COUNCIL

Deborah Heinbuch, MMC
City Clerk

BY: _____
ELLEN O. MOYER, MAYOR

CITY OF ANNAPOLIS, MARYLAND
PARK PLACE DEVELOPMENT DISTRICT

RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAXES

A Special Tax shall be levied and collected in the City of Annapolis Park Place Development District (the "Development District") each Tax Year, beginning with the 2005-2006 Tax Year and continuing until the 2033-2034 Tax Year (unless terminated earlier as provided in Section F herein), in an amount determined by the City Council through the application of the procedures described below. All of the real property in the Development District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

"Act" means Article 23A, Section 44A, of the Annotated Code of Maryland, as amended from time to time.

"Administrative Expenses" means any or all of the following: the fees and expenses of any Trustee and the Administrator employed by the City in connection with any Bonds; the expenses of the City in carrying out its duties under any Indenture of Trust, including, but not limited to, administering the Development District, calculating, levying and collecting the Tax Increment Revenues and the Special Tax and complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including an allocable share of the salaries of the City staff directly related to the administration of the Development District and a proportionate amount of City general administration overhead related thereto, and the out-of-pocket costs of the City for any professionals retained by the City to provide services for such purposes; any amounts required to be rebated to the United States of America to comply with the arbitrage rebate requirements applicable to the Bonds; fees payable for any bond insurance or other financial guaranty or credit enhancement with respect to any Bonds or under any Indenture of Trust, including (without limitation, any credit facility for any reserve fund; any unpaid cost or expense of the City for which the City is entitled to indemnification pursuant to a development agreement or other agreements relating to the Development District including, without limitation, the Condominium Instruments; any cost or expense of the City (including, without limitation, fees of legal counsel and any other professionals retained by the City) incurred in connection with the defense by the City or the bringing by the City of any claim, demand, suit or cause of action relating to the issuance of any Bonds, the establishment of the Development District, the levy or collection of the Special Tax or any other matters related thereto; and all other costs and expenses of the City, the

County or the Trustee incurred in connection with the discharge of their respective duties under any Indenture of Trust or in any way related to the administration of the Development District, including (without limitation) the County Administrative Expenses and any other costs of the City or the County relating to the County Contribution Agreement.

“Administrator” means the designee of the Director of Finance for purposes of estimating the annual Special Tax Requirement and the Special Tax to be levied each Tax Year and for providing other services as set forth in the Indenture of Trust.

“Allocable Tax Increment Revenue” means the amount by which in each Tax Year (1) the sum of Parcel Tax Increment Payments for each Non-Taxed Parcel exceeds (2) the sum of the amounts obtained by multiplying the Maximum Aggregate Special Tax Requirement by the Land Use Percentage Benefit for each such Non-Taxed Parcel.

“Bonds” means any bonds or other indebtedness, including (without limitation) bonds or other indebtedness to refund any such bonds or other indebtedness, whether in one or more series, issued by the City pursuant to the City Ordinance and relating to the Development District, in a maximum aggregate principal amount of Twenty-Five Million Dollars (\$25,000,000) as authorized by the City Ordinance or such amount in excess of Twenty-Five Million Dollars (\$25,000,000) as may be permitted pursuant to Section 24 of Article 31 of the Annotated Code of Maryland in connection with the issuance of refunding bonds. By way of example and not limitation, bonds or other indebtedness of the City which is secured by the full faith and credit of the City and is not secured by the Special Tax shall not constitute “Bonds” hereunder.

“Building Square Footage” means the building area which may be leased or otherwise produce income (through activity charges or other fee arrangements) as shown on the building permit application, architectural plans or other available documents, as estimated by the Administrator.

“City” means the City of Annapolis, Maryland.

“City Council” means the City Council of the City of Annapolis, Maryland.

“City Ordinance” means Ordinance No. 0-14-01 adopted by the City Council on May 14, 2001, as supplemented or amended from time to time.

“City Resolution” means Resolution No. R-8-01 adopted by the City Council on May 14, 2001, as supplemented or amended from time to time.

“Condominium Bylaws” means the Bylaws, Park Place, a Condominium approved by the City Council pursuant to the City Ordinance, as supplemented or amended from time to time.

269 **“Condominium Instruments”** has the meaning given to that term in the
270 Declaration of Condominium.

271 **“County”** means Anne Arundel County, Maryland.

272 **“County Administrative Expenses”** has the meaning given to that term in the
273 County Contribution Agreement.

274 **“County Contribution Agreement”** means the Contribution Agreement
275 between the City and the County described in the City Ordinance and the County
276 Ordinance providing for the deposit of County taxes into the Tax Increment Fund
277 pursuant to the Tax Increment Financing Act.

278 **“County Ordinance”** means Bill No. 56-01 enacted by the County Council of the
279 County on August 20, 2001, as supplemented or amended from time to time.

280 **“Declaration of Condominium”** means the Declaration of Condominium for
281 Park Place, a Condominium approved by the City Council pursuant to the City
282 Ordinance, as supplemented or amended from time to time and recorded in the Land
283 Records of the County.

284 **“Development District”** means Park Place Development District established
285 pursuant to the City Resolution as a “special taxing district” under the Act and as a
286 “development district” under the Tax Increment Financing Act (being Sections 14-201
287 through 14-214, inclusive, of Article 41 of the Annotated Code of Maryland), as such
288 Park Place Development District may be expanded from time to time.

289 **“Director of Finance”** means the official of the City who is the director of finance
290 or other comparable official of the City or the designee of such official.

291 **“Equivalent Units”** means that number which represents the proportional
292 relationship of the costs of the Public Garage among the different Land Use Classes, as
293 determined by the Administrator based upon expected use of the Public Garage by
294 each Land Use Class.

295 **“Estimated Special Tax Report”** has the meaning given to that term in Section
296 B.2 hereof.

297 **“Excess Special Tax Revenue”** has the meaning given to that term in Section
298 B.7 hereof.

299 **“Garage Net Operating Income”** means, for each Tax Year, the amount on
300 deposit in the Garage Net Operating Income Fund established under the Indenture of
301 Trust on that date selected by the Administrator that is no earlier than thirty (30) days
302 before the Administrator calculates the Special Tax Requirement in the applicable Tax

Year pursuant to Section B.2. of this Rate and Method.

“Hotel Property” means property used as hotel facilities (including any facilities whose use is ancillary to such hotel facilities, such as elevators, lobbies, meeting rooms, shops, mechanical equipment rooms and similar areas) and for which a certificate of occupancy has been issued, as determined by the Administrator based on the building permit application or other available documents that describe property usage.

“Indenture of Trust” means any indenture of trust or fiscal agent agreement relating to any Bonds, as supplemented or amended from time to time.

“Land Use Class” means, as applicable, Office Property, Hotel Property, Residential Property and Undeveloped Property.

“Land Use Percentage Benefit” means, for each Parcel of Taxable Property, a fraction the numerator of which is the sum of Equivalent Units for each Land Use Class on such Parcel and the denominator of which is the total number of Equivalent Units for each Land Use Class on every Parcel of Taxable Property within the Development District. If a portion of a Parcel is located within the Development District, then an allocation of Equivalent Units shall be made by the City between the portion of the Parcel within the Development District and the portion of the Parcel outside the Development District, and only the Equivalent Units within the Development District shall be included in the calculation of Land Use Percentage Benefit. For purposes of calculating the number of Equivalent Units for each Land Use Class, the following factors shall apply: Office Property – each one-thousand (1,000) square feet of Building Square Footage of Office Property shall be equal to 1.0 Equivalent Units; Hotel Property – each one-thousand (1,000) square feet of Building Square Footage of Hotel Property shall be equal to .54 Equivalent Units; Residential Property – each unit of Residential Property shall be equal to .05 Equivalent Units; and Undeveloped Property – each one-thousand (1,000) square feet of land area comprising such Undeveloped Property shall be equal to .76 Equivalent Units.

“Maximum Aggregate Special Tax Requirement” means an amount for any Tax Year equal to (A) the amounts required in any Tax Year to pay (1) debt service and other periodic costs, including deposits to any sinking funds, on any Bonds to be paid in such Tax Year under any Indenture of Trust (including debt service and other periodic costs on any Bonds which were payable in any previous Tax Year but were not paid by the Development District), (2) Administrative Expenses to be incurred in such Tax Year or which were incurred in any previous Tax Year but were not paid by the Development District, (3) any amount required to replenish any reserve fund established under any Indenture of Trust in association with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees, including such fees for instruments that serve as the basis of a reserve fund

related to any indebtedness in lieu of cash with respect to any Bonds (including such costs that were payable in any previous Tax Year but were not paid by the Development District), less (B)(1) the Garage Net Operating Income, (2) any credits available pursuant to any Indenture of Trust for the payment of any amount described in clause (A) above (such as capitalized interest, reserves, and investment earnings on any account balances to the extent any of these is available for the payment of any amount described in clause (A) above but excluding any credits for Tax Increment Revenues), and (3) the amount described in Section B.6 hereof; provided, however, that the amount included for the replenishment of reserve funds and for estimated delinquencies, as provided in the parenthetical clauses in clauses (A)(1) and A(5) and in clauses (A)(3) and (A)(4) above, shall not cause the Maximum Aggregate Special Tax Requirement to be more than ten percent (10%) greater than the Maximum Aggregate Special Tax Requirement calculated under the assumption that the amount for each of the parenthetical clauses in clauses (A)(1) and (A)(5) and of clauses (A)(3), (A)(4), (B)(1), (B)(2) and (B)(3) above is zero. The Maximum Aggregate Special Tax Requirement for any Tax Year shall not be less than zero.

“Non-Taxed Parcel” means each Parcel of Taxable Property which does not constitute a Taxed Parcel.

“Office Property” means property used as office facilities (including any facilities whose use is ancillary to such office facilities, such as elevators, lobbies, shops, mechanical equipment rooms and similar areas) and for which a certificate of occupancy has been issued, as determined by the Administrator based on the building permit application or other available documents that describe property usage.

“Outstanding” has the meaning given to that term in the Indenture of Trust.

“Owner Association Property” means, for any Tax Year, any real property within the boundaries of the Development District that is owned by or irrevocably offered for dedication to a property owner’s association for common use of owners of such association; provided, however, that real property that has been irrevocably offered for dedication includes only those parcels for which a copy of the offer has been provided to the Administrator.

“Parcel” means a lot or parcel of real property within the Development District with a parcel number assigned by the Supervisor.

“Parcel Tax Increment Payment” means, for any Parcel, the amount of the Tax Increment Revenues with respect to the applicable Parcel for the Tax Year for which the Special Tax is being calculated. If a portion of a Parcel is located within the Development District, then an allocation of Tax Increment Revenues shall be made by the City between the portion of the Parcel within the Development District and the portion of the Parcel outside the Development District, and only Tax Increment Revenues relating to the portion of the Parcel within the Development District shall be

included in the calculation of Parcel Tax Increment Payments.

“Parking Garage Property” means property used or to be used as a parking garage (including any facilities whose use is ancillary to such parking garage), as determined by the Administrator based on the building permit application or other available documents that describe property usage. Parking Garage Property includes the Public Garage and a privately-owned parking garage which will occupy the same building structure as the building structure containing the Public Garage, including ramps and other common components (the “Private Garage”).

“Person” means any individual, corporation, partnership, limited liability company or other entity.

“Preliminary Special Tax Requirement” means, for each Parcel of Taxable Property, the amount obtained by applying the following formula: [(Maximum Aggregate Special Tax Requirement) x (Land Use Percentage Benefit)] – Parcel Tax Increment Payment.

“Public Garage” means the parking garage and related improvements the City Council has authorized to be constructed and equipped within the Development District from the proceeds of the Bonds.

“Public Property” means property within the boundaries of the Development District owned by, or irrevocably offered for dedication (in a plat map approved by the City or otherwise) to, (1) the federal government, the State of Maryland, the City, or any public agency of any of the foregoing, or (2) any easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that have been irrevocably dedicated include only those parcels for which a copy of the easement or offer has been provided to the Administrator.

“Rate and Method” means this Rate and Method of Apportionment of Special Taxes, as supplemented or amended from time to time.

“Residential Property” means property used for residential dwelling facilities (including any facilities whose use is ancillary to such residential dwelling facilities, such as parking facilities which are part of the residential dwelling facilities through ownership of parking spaces by the owners of the residential dwelling facilities or otherwise) and for which a certificate of occupancy has been issued, as determined by the Administrator based on the building permit application or other available documents that describe property usage.

“Share of Allocable Tax Increment Revenue” means, for each Tax Year for each Parcel of Taxable Property which constitutes a Taxed Parcel, the amount of Allocable Tax Increment Revenue obtained by multiplying Allocable Tax Increment Revenue for the applicable Tax Year by a fraction the numerator of which is the

assessed value determined by the Supervisor for such Parcel for such Tax Year and the denominator of which is the assessed value determined by the Supervisor for all Taxed Parcels for such Tax Year.

“Special Tax” means, for each Parcel, the Special Tax that may be levied by the City each Tax Year to pay the Special Tax Requirement with respect to such Parcel.

“Special Tax Fund” means the fund bearing such designation which is established pursuant to the City Resolution.

“Special Tax Requirement” means, for each Parcel of Taxable Property which constitutes a Taxed Parcel, the amount obtained by subtracting the Share of Allocable Tax Increment Revenue for such Parcel from the Preliminary Special Tax Requirement for such Parcel.

“Supervisor” means the Supervisor of Assessments.

“Tax Increment Financing Act” means Section 14-201 through 14-214, inclusive, of Article 41 of the Annotated Code of Maryland, as supplemented or amended from time to time.

“Tax Increment Fund” means the fund bearing such designation which is established pursuant to the City Resolution.

“Tax Increment Revenues” means the amounts paid or to be paid into the Tax Increment Fund with respect to each Parcel or portion of a Parcel located within the Development District each Tax Year by the City and the County pursuant to the City Resolution and the County Ordinance (as implemented pursuant to the County Contribution Agreement), respectively.

“Taxable Property” means any Parcel which is not Public Property, Owner Association Property or Parking Garage Property.

“Tax Year” means the period starting any July 1 and ending on the following June 30.

“Taxed Parcel” means each Parcel of Taxable Property for which the Preliminary Special Tax Requirement for any Tax Year is greater than zero.

“Trustee” means the trustee, fiscal agent or paying agent appointed the City for the Development District to carry out the duties of the trustee, or fiscal agent or paying agent specified in the Indenture of Trust.

“Undeveloped Property” means property (1) for which a certificate of occupancy has not been issued or (2) for which a certificate of occupancy has been issued but which does not constitute Hotel Property, Office Property or Residential

Property.

B. LEVY OF THE SPECIAL TAX

1. Determination of Land Use Class

For each Tax Year, the Administrator shall determine whether each Parcel or portion of a Parcel of Taxable Property located within the boundaries of the Development District constitutes Hotel Property, Office Property, Residential Property, or Undeveloped Property.

2. Special Tax Requirement

The Special Tax Requirement for any Tax Year shall be estimated by the Administrator and determined by the City Council.

The Special Tax Requirement shall be calculated in two steps. First, the Administrator shall calculate the Preliminary Special Tax Requirement for each Parcel of Taxable Property. Next, the Administrator shall determine the Special Tax Requirement for each Taxed Parcel. The Special Tax Requirement shall only apply to and be payable by Taxed Parcels.

The estimate by the Administrator of the Special Tax Requirement for any Tax Year shall be included in a report (the "Estimated Special Tax Report") which shall be prepared by the Administrator and delivered to the Director of Finance on such date preceding the first day of the Tax Year to which such Special Tax Requirement is applicable as the City shall determine or as soon thereafter as the City determines is reasonably practicable. The Director of Finance shall review the Estimated Special Tax Report, and may seek clarifications about its content, and request revisions to it. The Director of Finance shall deliver the Estimated Special Tax Report, including any revisions made as provided above, to the City Council. The Estimated Special Tax Report shall include, in addition to other information considered by the Director of Finance to be necessary or desirable, a calculation of all the components of the Preliminary Special Tax Requirement and the Special Tax Requirement, including (1) the Maximum Aggregate Special Tax Requirement and all elements thereof (including, without limitation, a statement of Garage Net Operating Income), (2) the Land Use Percentage Benefit, and (3) the Allocable Tax Increment Revenue.

The Special Tax Requirement for any Parcel of Taxable Property shall not be less than zero.

The owner of the Private Garage will construct the parking spaces constituting the Private Garage and the Private Garage's proportionate share of the ramps and other common components of the building structure in which the Public Garage and the Private Garage are located; accordingly, no special benefit of the Public Garage is

489 allocated to the Private Garage and no Special Tax will be levied on the Private Garage
490 under this Rate and Method.

491 3. Levy of the Special Tax

492 Commencing with the 2005-2006 Tax Year and for each Tax Year thereafter
493 during which any Bonds are Outstanding, the City Council shall determine the Special
494 Tax Requirement, if any, for the applicable Tax Year and shall levy the Special Tax for
495 each Parcel of Taxable Property which constitutes a Taxed Parcel such that the total of
496 the Special Tax levied on all Taxed Parcels is equal to the Special Tax Requirement for
497 all Taxed Parcels.

498 4. Circumstances Under Which the Special Tax May be Increased as a
499 Result of a Default.

500 The Special Tax on any Parcel may be increased as a result of a default in the
501 payment of the Special Tax levied on any other Parcel, but only to the extent permitted
502 by operation of the definition of Maximum Aggregate Special Tax Requirement.

503 5. Personal Property.

504 There shall be no Special Tax on personal property.

505 6. Excess Special Tax Revenue. Within such period of time following each
506 Tax Year as the City determines, beginning with the Tax Year ending June 30, 2006,
507 the Director of Finance shall calculate, or shall cause the Administrator to calculate, the
508 amount, if any, by which the aggregate amount of the Special Tax collected for all
509 Parcels in the Tax Year which just ended exceeded the aggregate amount of the
510 Special Tax required for such Tax Year (the "Excess Special Tax Revenue"). The
511 Excess Special Tax Revenue shall remain on deposit in the Special Tax Fund and,
512 together with any investment earnings thereon, shall be applied by the Director of
513 Finance (1) to the payment of any cost to which the Special Tax may be applied which
514 is payable during the Tax Year in which such Excess Special Tax Revenue was
515 calculated and for the payment of which the aggregate amount of Special Tax collected
516 for all Parcels in such Tax Year is insufficient and (2) to the extent that, at the time of
517 the calculation of the Special Tax for the Tax Year immediately succeeding the Tax
518 Year in which the Excess Special Tax Revenue was calculated, there is Excess Special
519 Tax Revenue, or investment earnings thereon, on deposit in the Special Tax Fund, such
520 amount shall be included in the calculation of the Maximum Aggregate Special Tax
521 Requirement for such Tax Year and, thereafter, such amount shall be applied in
522 accordance with the terms of the Indenture of Trust to the payment of the principal of
523 and interest on the Bonds which is to be paid in such Tax Year or to the redemption of
524 Bonds.

525 **C. NO PREPAYMENT OF SPECIAL TAX**

The Special Tax is contingent and will be levied only in the event the Available Garage Net Operating Income, the Tax Increment Revenues and other revenues available pursuant to the Indenture of Trust are not sufficient to fund the Special Tax Requirement. Accordingly, no provisions are made for the prepayment of the Special Tax.

D. EXEMPTIONS

A Special Tax shall not be levied on Public Property or Owner Association Property.

E. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary real property taxes; provided, however, the Special Tax may be collected at a different time or in a different manner as determined by the Director of Finance.

F. TERMINATION OF SPECIAL TAX

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be levied after the earlier of the repayment or defeasance of the Bonds under the terms of the applicable Indenture of Trust and the 2033-2034 Tax Year. After such Tax Year, and the collection of any delinquent Special Taxes, penalties and interest, the Director of Finance shall cause a document evidencing such termination of the levy and collection to be recorded in the land records of the City.

G. APPEALS OF THE LEVY OF THE SPECIAL TAX

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Administrator not later than one calendar year after having paid the Special Tax that is disputed. The Administrator shall promptly review the appeal and, if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the decision of the Administrator requires the Special Tax to be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the Administrator may be appealed to the City. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

H. AMENDMENTS

This Rate and Method may be amended by the City and, to the maximum extent permitted by the Act, such amendments may be made without further notice under the Act and without notice to owners of Taxable Property within the District in order to (1) clarify or correct minor inconsistencies in the matters set forth herein, and (2) provide for lawful procedures for the collection and enforcement of the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the owners of the Bonds. No such amendment shall be approved unless and until the City has (a) found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (b) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act, the Indenture of Trust, and any ordinances or resolutions adopted by the City related to the Bonds.

I. INTERPRETATION OF PROVISIONS

The City shall make all interpretations and determinations related to the application of this Rate and Method, unless stated otherwise herein or in the Indenture of Trust, and as long as there is a rational basis for the determination made by the City, such determination shall be conclusive.